Thomas Jefferson Planning District Commission
Financial Management Policy

Adopted June 5, 2025
Amended November 6, 2025
Amended October 1, 2026

I. **PURPOSE**: The purpose of this section on Financial Management is to establish the process of using funds effectively, efficiently, and transparently and for appropriate purposes only. This process is a combination of procedures, methods, rules of conduct, and standards.

II. **GOVERNING STANDARDS:**

a. Generally Accepted Accounting Principles (GAAP): TJPDC applies this common set of accounting principles, standards and procedures to compile the agency's financial statements.
b. Federal Uniform Requirements: TJPDC applies cost principles in a manner consistent with the Federal government's Office of Management and Budget (OMB) Uniform Guidance: Administrative Requirements, Costs Principles and Audit Requirements for Federal Awards, 2 CFR Chapter I, Chapter II, Part 200, et al.
c. Government Auditing Standards: An independent firm conducts an annual audit, to express opinions on the TJPDC financial statements and to consider TJPDC's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.
d. Indirect Cost Rate Analysis: The TJPDC's cognizant agent will independently review and approve the TJPDC's Indirect Cost Rate Allocation Plan annually.
e. Purchases and Procurement: All purchases and related procurement must follow TJPDC's adopted Procurement Policy.

III. **COST PRINCIPLES**

a. Cost Allowability: TJPDC will limit costs applied to projects to those that are necessary and reasonable to carry out the work under the award or contact. These costs are authorized, or not prohibited, under state or local laws and rules, and conform to the Federal Uniform Guidelines. Costs are treated consistently, in accordance with GAAP and federal, state, and local regulations. Costs for federally funded activities will not be used to meet the cost sharing or matching requirements of any other Federal Award, unless specifically allowed by the grantor.
b. Cost Reasonableness: Costs incurred will be of types generally recognized as ordinary and necessary for agency operations. TJPDC will follow sound business practices and comply with applicable laws and regulations. The TJPDC employee handbook defines standards of conduct for employees and TJPDC's Conflict of Interest policy.
c. Cost Allocability: TJPDC will limit costs applied to projects to those goods and services that are incurred specifically for the project, benefit the project, and are necessary and assignable to the project. Costs may be allocated as direct or indirect costs, based on timesheets and the chart of accounts.
    i. Direct costs include:
        - Staff costs, including salaries and fringe benefits, are allocated to projects per the hours shown on timesheets. The hourly rate used to allocate staff costs is based on

work hours per year. Total salary and fringe benefits are divided by the expected work hours for the year, taking out annual leave, holidays, and a portion of sick leave.

- Travel includes the use of the agency vehicle, or personal vehicle, and costs for commercial travel. A log is maintained to track date, mileage, driver, and program for each trip. Staff using their personal vehicle for travel report destination, mileage, and program on expense reports, on a form created for that purpose. Other out-of-pocket expenses such as parking, registration fees, and incidental expenses, are also reported on an expense form, backed up by receipt, and tracked by program.
- Supplies in support of an identified program, as indicated by the program manager on the receipt.
- Copies are tracked automatically on the copy machine, with codes assigned to active programs. The rates charged to programs for black and white and color copies are reviewed periodically and established through an analysis of actual costs including equipment maintenance.
- Consultant services: Some projects include work provided through contractual service contracts. These costs will be assigned to programs, if allowed by the funder and included in the project budget. Payment will be made to the consultant based on a submitted invoice, itemizing the cost components and accompanied by a progress report.
- Advertising: Public notices for meetings, comment periods, or related to procurement for a specific project may be charged directly to a program or project, if allowed by the funder and included in the project budget.
- Professional Development and Conferences: Staff may attend training or conferences related to a specific project, if allowed by the funder and included in the program/project budget. Costs may include travel by airplane, train, or other available means, hotel stays, conference registration, and incidental costs backed up by receipt and tracked by to the program or project.
- Equipment and data use may be charged to a specific program for office equipment less than $5,000, software, web hosting, and domain costs, if these are specifically dedicated to the project or program, allowed by the funder, included in the project budget, and backed up by receipt.
- Other costs include the audit, legal costs, advertising, insurance, bank charges, and dues, if these costs are directly related to a specific program and are allowable by the funding source.

ii. Indirect Costs: TJPDC's indirect cost rate is based on the agency's annual audit, and is calculated on an annual basis, using the actual indirect rate for the most recently audited year. The indirect cost rate is determined by a relation of total administrative costs to program salary costs and is applied to direct staff costs charged to individual programs based on salaries and fringe benefits. The Virginia Department of Transportation (VDOT) serves as the cognizant agency for the TJPDC and approves the indirect cost rate on an annual basis. VDOT acts as the agent on behalf of the Federal Highways Administration (FHWA). Indirect costs include:

- Administrative staff time: financial management and overall management of the agency, charged to administration on timesheets. This includes portions of the Executive Director, Deputy Director, Director of Operations, Finance Director, Administrative Assistant, and other designated staff's time, as determined in the annual budget.

- Staff time for general activities: This includes staff meetings and retreats, research, pipeline grant applications, and other activities not directly supporting specific projects.
- Staff time for network management: Time spent on Informational Technology issues, including equipment procurement, routine operations, and working with the IT support provider.
- Supplies are generally included as part of indirect costs, except for items purchased for a particular event or purpose in support of an identified program. TJPDC uses a rubber stamp on invoices and receipts to track costs. The invoice is stamped to indicate the program and code from the chart of accounts, program manager's initial, and the Executive Director's initial.
- Copies are tracked by automatically on the copy machine, with a code assigned to administration. Total costs for operation of the copier are charged to administration, offset by the cost of copies recovered through programs.
- Professional Development and Conferences: Staff may attend training or conferences not related to a specific project. Costs may include travel by airplane, train, or other available means, hotel stays, conference registration, and incidental costs backed up by receipt.
- Equipment and data use includes office equipment less than $5,000 (computers, printers), software, web hosting and domain costs, and costs related to the server and plotter.
- Contractual costs consist of IT and financial support services, including the payroll service charges.
- Occupancy expenses, including rent, utilities, and janitorial services.
- Other costs may include the audit, legal costs, advertising, insurance, bank charges, dues, expenses for Commission and staff meetings and retreats, and other allowable expenses that are not directly billable to programs.

iii. Other Costs: TJPDC incurs some costs that are not included in either direct or indirect costs allocated to projects. These include:

- Capital expenses are reflected on the balance sheet but are not reflected in direct or indirect costs on profit and loss statements. Capital expenses are not included in the indirect cost pool.
- Staff time related to preparing proposals is tracked through a project number for that purpose. These costs are not charged to any program and are not included in the indirect cost pool. Local funds are used for this purpose.

IV. BUDGET

a. Agency Budget: The following procedures are used by the Commission to establish the agency budget:

i. Prior to December 31, the Executive Director submits a proposed budget for the upcoming fiscal year commencing on the following July 1. The budget includes proposed expenditures and the means of financing them. This budget proposes the member allocations, to be used in budget submissions to the member localities, on the basis of an equal per-capita rate as established by the Commission and population figures adjusted each year as defined in Section 15.1-1402(f) of the 1950 Code of Virginia as amended.

Each member governmental subdivision shall be represented by at least one Commission member at any meeting at which action is taken requesting per-capita donations from the participating governing bodies, and such actions shall be approved by the affirmative vote of at least two-thirds of the members present. The Executive Director, or designated staff, submits budget requests to the local governing bodies.

ii. The budget amounts depend on staff securing grants and contracts throughout the year. Appropriate budget revisions are proposed and approved by the Commission during the year. The Commission adopts a working budget for the fiscal year beginning July 1 at their May meeting, per the Bylaws. The Commission adopts the final operating budget for use in financial reporting at the March meeting.

iii. The approved budget is utilized as a management control device.

iv. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

b. Project Budget: TJPDC typically prepares the project or program budget as part of the application process for funding. TJPDC reflects all anticipated project revenues and expenses in the project budget. Revenues include the requested funding and any state, local, or private funds applied as match. Expenses include personnel costs, contracts, materials and supplies, travel, indirect costs, and other costs authorized by the regulations governing the particular award. After the award, there may be a process of budget adjustment undertaken between TJPDC and the funder.

V. INTERNAL CONTROLS: TJPDC has instituted internal controls to protect its financial assets, to ensure that resources are used for authorized purposes, and are protected against waste, mismanagement, and loss. TJPDC's financial policies, procedures and practices also provide mechanisms to record information on the source, amount, and use of funds in a reliable and timely fashion, readily available through reports and records.

a. Segregation of Duties: TJPDC has developed an agency organizational structure that provides an effective work environment and provides the framework for planning, directing, and controlling operations to achieve its objectives. TJPDC delegates authority and responsibility throughout the organization. For the purposes of this section, "expenditure" means payment by any means other than petty cash or individual charges to the agency credit cards. The following groups and individuals have specific duties for internal controls related to financial management:

i. TJPD Commission, as a body

- Will review and accept all financial reports
- Will periodically review and approve financial goals and targets, as recommended by the Finance/Executive Committee
- Will review and approve the annual budget, including revisions or amendments during the fiscal year, in accordance with the Commission's Bylaws

ii. TJPDC Commission Chair

- Will appoint members of the Finance/Executive Committee
- Will serve as a member of the Finance/Executive Committee
- Will be a signatory on all TJPDC bank accounts
- In the Treasurer's absence, will review reports of proposed expenditures and authorize payment(s) of those expenditures
- Will review supporting documentation for those expenditures as requested by the Chair or TJPDC staff

iii. TJPDC Finance/Executive Committee

- Will assist TJPDC staff by offering recommendations for accounting, financial, and budget preparation and reporting
- Will identify issues that require Commission deliberation and decision
- Will periodically review financial goals and targets
- Will recommend actions to the Commission
- Will participate in the annual budget process in partnership with TJPDC staff
- Will recommend budgetary actions to the Commission
- Will participate in an annual pre-audit meeting with TJPDC staff and the auditor
- Will review the annual audit and recommend approval to the Commission

iv. TJPDC Treasurer

- Will be a signatory on all TJPDC bank accounts
- Will review reports of proposed expenditures and authorize payment(s) of those expenditures. In the Treasurer's absence, the Chair will be responsible for this function.
- Will review supporting documentation for those expenditures as requested by the Treasurer or TJPDC staff
- Will serve as a member of the Finance/Executive Committee

v. TJPDC Executive Director

- Will be a signatory on all TJPDC bank accounts
- Will review approval of invoices by project/program managers, or approve vouchers and invoices for expenditures
- Will review reports of proposed expenditures and authorize payment(s) of those expenditures
- Will draft the annual budget for review by the Finance/Executive Committee, and present it to the Commission for adoption
- Will acknowledge reconciliation review by Director of Operations or designee
- Will review financial reports prepared by the Finance Director or other staff prior to presentation to the Finance Committee
- Will review payroll after preparation but before processing

vi. TJPDC Finance Director

- Will be a signatory on all TJPDC bank accounts in order to perform required financial activities
- Will prepare expenditure reports, if any, for review and approval
- Will process payments based on approved expenditure reports, if any
- Will reconcile monthly bank statements using accounting software
- Will prepare financial reports
- Will participate in preparation of annual budget
- Will prepare and process payroll (or supervise designee in these tasks)

vii. TJPDC Deputy Director

- Will be a signatory on all TJPDC bank accounts
- Will approve all expenditures and payments payable to the Executive Director
- In the Executive Director's absence, will review approval of invoices by project/program managers, or approve vouchers and invoices for expenditures

- In the Executive Director's absence, will review reports of proposed expenditures and authorize payment(s) of those expenditures

viii. TJPDC Director of Operations or designee

- Will conduct a reconciliation review of monthly bank statements and the Finance Director's bank reconciliation. Bank statements will be provided by the Finance Director to the Director of Operations or designee.
- In the Administrative Assistant's absence, will receive and open all incoming mail, including any checks, unless of a confidential nature.
- In the Administrative Assistant's absence, will make copies of all checks and deposit slips, document all checks received, and make bank deposits
- In the Administrative Assistant's absence, will prepare signed checks for mailing, with a copy of the invoice as appropriate, scan and file retained check stubs and invoices for TJPDC records

ix. TJPDC Administrative Assistant

- Will receive and open all incoming mail, including any checks, unless of a confidential nature.
- Will make copies of all checks and deposit slips, document all checks received, and make bank deposits
- Will prepare signed checks for mailing, with a copy of the invoice as appropriate, scan and file retained check stubs and invoices for TJPDC records

b. <u>Financial and Organizational Reports</u>

i. Each month the TJPDC Finance Director and assigned staff shall prepare:

- A balance sheet showing cash accounts, accounts receivable, accounts payable, pre-paid expenses, deferred revenue and the cost and depreciation of any owned property, equipment and fixtures, and equity accounts
- A consolidated income statement showing the income received, expenses incurred and the balance for the month and year to date, with a comparison to the budget
- A chart showing accrued revenues by program
- A financial dashboard report, displaying key indicators in a visual way to convey the financial condition of the TJPDC

ii. Financial Reports to the Commission: Financial reports will be provided at each meeting of the Commission for review and acceptance

iii. The Executive Director will provide a report to the Commission at each meeting, highlighting and analyzing the TJPDC's activities

c. <u>Controls for Incoming Funds</u>

i. Checks Received: The majority of the money received by the TJPDC is in the form of electronic deposits or checks received by mail. The following procedures will be used for checks received via mail:

- The Administrative Assistant receives and opens the mail.
- All checks are endorsed and stamped "For deposit only," and recorded on a deposit slip. Copies of the deposit slip and check are made before the deposit is taken to the bank.
- All documentation received with the check is kept with a copy of the check and deposit slip, and the original deposit receipt from the bank. The Administrative Assistant passes all of this information to the TJPDC Finance Director.

- The Administrative Assistant records all deposits on an Excel spreadsheet, indicating date received, date deposited, check number, payer name, amount of deposit, and any additional notes specific to the payment (i.e., invoice number).

ii. Funds will be held in governmental accounts at approved financial institution(s) and in trust accounts with the Virginia Investment Pool (VIP), as necessary to perform required financial activities.

iii. Electronic Deposits: Payments for programs may be made in the form of electronic deposits directly into TJPDC's designated bank account(s). The following procedures will be used for electronic deposits:

- Electronic notification by the funder will be sent to the Finance Director or designee
- The Finance Director will record deposits received and programs credited

iv. Cash Received: TJPDC may receive some incidental payments by cash. The following procedures will be used for cash:

- The Administrative Assistant receives all cash payments and provides a hand-written receipt slip to the payee, retaining the carbon copy.
- For cash payments under $10, the cash may be added to petty cash, accompanied by a receipt to be used in the reconciliation.
- The Administrative Assistant deposits cash payments over $10 into the bank, making a copy of the cash and deposit slip, and attaching the bank deposit receipt to the copy after making the deposit.
- The Administrative Assistant records all cash bank deposits on an Excel spreadsheet, indicating date received, date deposited, "CASH" written in the check number column, payer name, and amount of deposit.

d. <u>Controls for Payments</u>

i. The Administrative Assistant will open incoming invoices received by mail/email and forward these to the Program/Project Manager or the Executive Director for review and processing.

ii. Each employee is issued a dedicated credit card with a spending limit. Staff may use their credit card for purchases as authorized. Employees will be provided access to the credit card statement. Each staff member with credit card charges for the month provides materials on credit card activity to their Program Director for approval before being sent to the Administrative Assistant. The agency credit card payment is included in the expenditures report. TJPDC makes one payment for the agency credit card account monthly.

iii. The Finance Director will review invoices received, approved by the Program/Project Manager or Executive Director, and prepare appropriate checks and expenditure reports, as needed. The Finance Director will arrange for approval by the Executive Director and Treasurer, or other approvers as appropriate.

iv. For electronic payments, the payment approvers review the expenditure report and associated documentation, if requested. Any questions are directed to the Finance Director. After any issues are resolved, the expenditure report is approved and returned to the Finance Director for processing and record retention.

v. The Finance Director provides all checks and supporting documentation to the Administrative Assistant to prepare for signature and mailing. A copy of the check stub, invoice, and other backup materials are retained for TJPDC records.

vi. Check(s) will be signed by the following:

1. Treasurer; if unavailable, the Chair may sign; and
2. Executive Director; if unavailable, the Deputy Director may sign

In the event the payment is for one of the signatories, the alternate signatory must sign instead.

vii. The Finance Director will maintain supporting documentation in the appropriate vendor files. These files will be utilized to respond to any discrepancies which arise with vendors or other payees.

e. Petty Cash:

i. The Administrative Assistant maintains cash on hand for use in incidental purchases. The following procedures will be used for petty cash:

- The Administrative Assistant keeps petty cash in a locking deposit bag, stored in a locked cabinet. The maximum amount of petty cash maintained is $200.
- Staff may use petty cash for incidental purchases as needed. Receipts for purchases, with appropriate account codes noted, are retained in the locked bag until petty cash is reconciled.
- Any cash received under $10 is noted with a hand-written receipt identifying the source of the funds and kept in the locked bag until petty cash is reconciled.
- No less than once each fiscal year, the Administrative Assistant reconciles petty cash based on the receipts and remaining cash and provides the reconciliation to the Finance Director.
- The Finance Director prepares a check payable to TJPDC for an amount to bring the petty cash balance up to $200.
- The Deputy Director or designee cashes the check at the bank and provides the cash and check stub to the Administrative Assistant. Funds are added to petty cash.

f. Bank Reconciliations:

i. The TJPDC Finance Director will download monthly bank statements and reconcile using accounting software within 15 days of the end of the prior month. The TJPDC Finance Director shall provide the bank statements, reconciled accounting reports, approved expenditure report (if any), and check register and missing check detail to the Director of Operations or designee to do a reconciliation review.

ii. The Director of Operations or designee will review the materials provided by the TJPDC Finance Director.

- Reviewer will verify that all checks are consecutive. Any missing check numbers will be documented and investigated with the Finance Director.
- The reviewer will examine cleared checks for authorized signatures.
- Any checks that are outstanding for more than three months will be documented for investigation and explanation.
- Reviewer will examine debits on each bank statement.
- Reviewer will document the reconciliation review in the Independent Monthly Bank Reconciliation and Financial Policy Review Checklist. The reviewer will notify the Executive Director that the review has occurred.
- The reconciliation review should be completed by the 25th of the month following the end of the bank statement.

- The reviewer with forward the completed checklist to the Executive Director.

iii. The TJPDC Executive Director will acknowledge the reconciliation review by initialing the report.

iv. All relevant materials will be retained for the audit process.

g. Payroll:

i. Payroll will be prepared by the Finance Director or designee.

ii. After preparation, but prior to processing, the Executive Director will review payroll for approval.

iii. Payroll will be processed by the Finance Director or designee after approval.

iv. Payroll records, including the approved copy of the payroll detail report, will be retained for the audit process.

VI. ACCOUNTING SYSTEM:

a. Software: TJPDC utilizes QuickBooks to track revenue and expenditures on an accrual basis and to produce monthly financial reports.

b. Fund Accounting: TJPDC uses a chart of accounts to classify transactions to clearly identify fund sources and uses. Governmental financial statements are produced at the end of the fiscal year.

c. Fiscal Year: TJPDC's fiscal year runs from July 1 to June 30.

VII. OTHER CONTROLS:

a. Controlled Access to Records: Current fiscal year financial records are kept in the locked office of the Finance Director. A separate drive on the server is dedicated to financial files, with access limited to the Finance Director, Executive Director and Director of Operations.

b. Control of Physical Assets: Physical assets include furniture, equipment, and a vehicle. The following controls are in place:

i. The Director of Operations, with assistance from staff, maintains a spreadsheet of all equipment, with serial number, date purchased, and assigned user.

ii. All physical assets are covered by an appropriate insurance policy.

iii. Keys to the office are provided to staff members, lessees, and the janitorial staff. Keys are returned to the TJPDC upon termination of employment, lease, or contract.

iv. TJPDC's Employee Handbook includes appropriate use and maintenance of TJPDC-owned property among Standards of Conduct for staff.